

City of Tempe
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Community Development Department

TEMPE HOUSING TRUST FUND

This is a proposal to establish a Housing Trust Fund (HTF) for Tempe. The proposal is from affordable housing providers and community members who started meeting after the City of Tempe Affordable Housing Forum in October 2007.¹ The group presented the concept of a HTF to the Transportation, Housing and Environment (THE) City Council Subcommittee on March 25, 2008. At that time, it was requested that this proposal be presented to THE committee on April 22, 2008.

This proposal was created by a working group that consists of the following:

Allen L. Carlson, Newtown Community Development Corporation
Beth Fiorenza, Tempe Community Action Agency
Craig Hittie, Tempe Affordable Housing Supervisor
David Strang, Community Member
Pen Johnson, Community Member
Steve Wise, Tempe Community Council
Todd Marshall, Marshall Urban Development Company

1. What is a Housing Trust Fund (HTF)?

A HTF is a dedicated fund that is set aside for the housing needs of a community. The fund would provide financial support for affordable housing activities that address the needs of low and moderate income Tempeans (see chart, Sec. 7).

2. Why should the City establish a HTF?

Creating a HTF was one of the recommendations in the City's Affordable Housing Strategy Plan, which was adopted by City Council in spring 2007. The HTF and other recommendations of the Affordable Housing Strategy Plan are state-of-the-art strategies designed to complement each other and facilitate the City's ability to implement its housing goals and policy. The fund would provide a

¹ Affordable Housing - Keep the Ball Rolling, first meeting December 5, 2007. The meetings have continued monthly and include representatives from affordable housing providers and social service agencies, various community members and other interested parties and Tempe Community Council.

vehicle to implement the strategies identified in the plan and follow the mission stated:

“Support housing for low to moderate-income individuals and families that provides the greatest level of self-sufficiency, dignity, and independence. Invest in housing development that allows for maximum long-term affordability.”

The Affordable Housing Plan was developed in response to resident concerns that housing market trends – including rising land and housing costs and a loss of affordable units over the years – are threatening Tempe’s diversity, changing neighborhood character, and severely limiting housing options for a broad range of individuals and families currently living and working in the community. The limited availability of modestly priced housing impacts the ability of local employers – including the City, school districts, other governmental agencies, health care and other service providers, and downtown businesses – to attract and retain employees. In addition, the large number of workers commuting in and out of Tempe results in increased traffic congestion.

3. How will the HTF benefit Tempe?

As a source of funding for affordable housing activities in the community, the HTF will provide critical “gap” financing essential to starting or completing affordable housing development. It will also be an important catalyst to leverage funding from other public and private sources, thereby maximizing the City’s investment and making it possible to provide housing at affordable price points in Tempe. By focusing on activities that promote long-term affordability, the HTF will maintain the value of its investment for the benefit of the community over time.

Neighborhoods succeed when housing is affordable. When elderly residents can keep their older homes, young people can find their first apartment, and parents with children can put down roots in the community with confidence, then our whole community benefits.

In addition, it is useful to remember that the development of affordable and workforce housing becomes an economic engine for our community rather than a drain on its resources.

4. How would the HTF be administered?

Several models exist throughout the country, one worth exploring involves the City of Tempe Community Development Department administering and operating the HTF. The City would also be responsible for the day-to-day fiscal management of the HTF. The City could consider establishing an Advisory Board, to serve as a recommending body to the Community Development Department with final approval by the Tempe City Council on all aspects of HTF

program and operations, including reviewing applications for funding and making recommendations regarding funding awards. The process would mirror current policies and procedures already established for City advisory boards.

5. What types of activities will the HTF fund?

The HTF could fund affordable housing development activities, such as: development of new construction of for sale or rental housing, rehabilitation of existing housing for sale or rent, new construction or rehabilitation of mixed-use buildings, acquisition of property, and adaptive reuse. Housing may be either single-family or multi-family. Funds could also be made available for use in providing housing for the special needs population.

6. Who will live in the affordable units developed with HTF funding?

Units developed with HTF funds will assist households whose income does not exceed **120%** of the area median income (AMI), as established annually by the Department of Housing and Urban Development and adjusted for household size. Within these parameters, affordability requirements are established to ensure that HTF units will benefit a range of incomes.

Area Median Income	1 Person	2 Person	3 Person	4 person	5 person	6 Person
30% (extremely low)	13,500	15,400	17,350	19,250	20,800	22,350
60% (low income)	26,940	30,840	34,680	38,520	41,580	44,700
80% (low income)	35,950	41,100	46,200	51,350	55,450	59,550
100% (moderate income)	44,900	51,400	57,800	64,200	69,300	74,500
120% (moderate income)	53,880	61,680	69,360	77,040	83,160	89,400

2008 Area Median Income by family size; Maricopa County, Phoenix, Mesa, Scottsdale MSA.

7. Keeping HTF-assisted units affordable:

Priority would be given to projects that promote long term affordability. The City would ensure on-going affordability through grant agreements, development agreements, deed restrictions, covenants or other related instruments.

8. How will HTF funds be made available for affordable housing development activities?

Funds could be made available pursuant to a Notice of Fund Availability (NOFA) or Request for Proposals (RFP) to be issued by the City with input from the

Advisory Board. The NOFA/RFP will set forth the requirements for applying for funds and the criteria that will govern funding awards.

9. Who will be eligible to apply for HTF funding under the NOFA / RFP?

Eligible applicants include housing developers (for-profit and not-for-profit), owners or operators of housing developments.

In conclusion, the working group would recommend the following:

- Approve further research and dedicated staff time to develop an ordinance that would establish the Tempe Housing Trust Fund;
- Mayor and City Council to appoint an Advisory Board by September 1, 2008;

Thank you for your consideration of this proposal. The working group sees the creation of a HTF an important part of Tempe's future.